

**Commercial and Investment****Finance and Performance Report – Final Report 2018/19****1. SUMMARY****1.1 Finance**

<b>Previous Status</b>	<b>Category</b>	<b>Target</b>	<b>Current Status</b>	<b>Section Ref.</b>
<b>Red</b>	Income and Expenditure	Balanced year end position	<b>Red</b>	2.1 – 2.4
<b>Green</b>	Capital Programme	Remain within overall resources	<b>Green</b>	3.2

**2. INCOME AND EXPENDITURE****2.1 Overall Position**

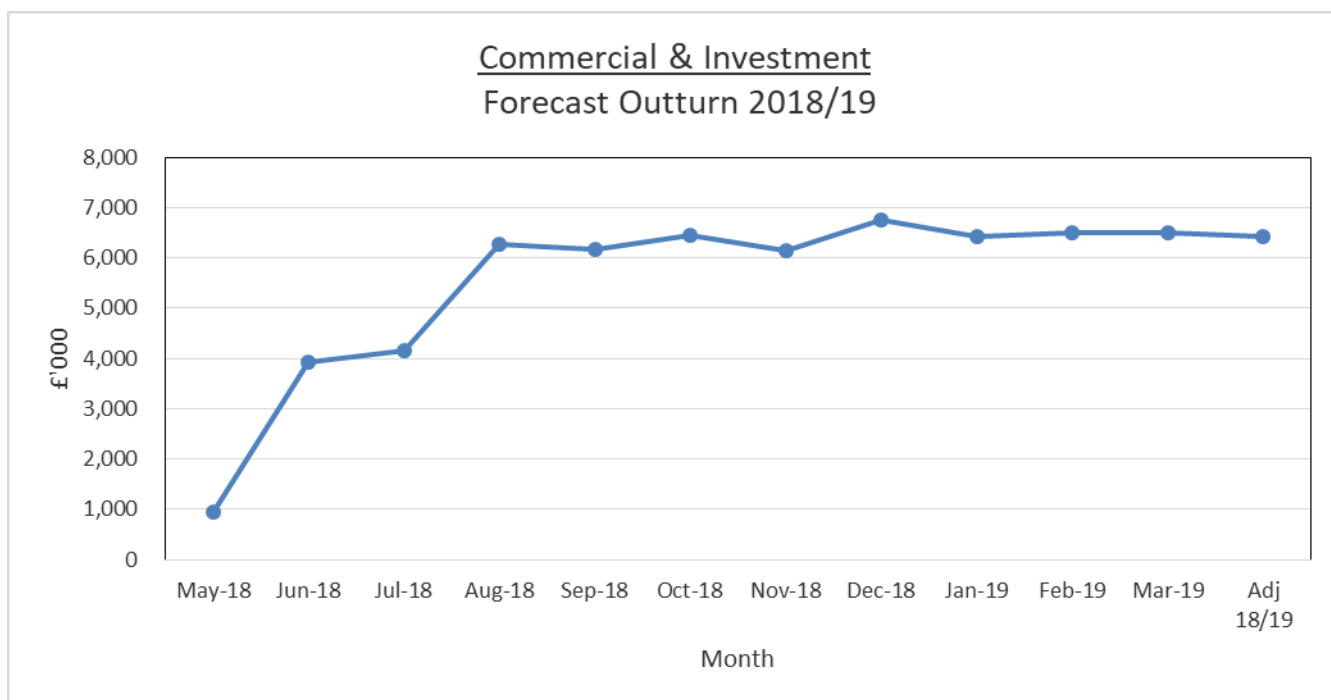
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) presented to General Purposes Committee (GPC). The data shown provides the key information required to assess the financial position of the service and provide comparison to the previous month.

<b>Outturn Variance (Feb) £000</b>	<b>Directorate</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Outturn Variance £000</b>	<b>Outturn Variance %</b>
4,713	Commercial Activity	-9,536	-4,830	4,706	49.3%
-90	Property Services	6,047	6,176	129	2.1%
-62	Strategic Assets	-4,068	-4,380	-312	7.7%
1,940	Traded Services	-1,200	693	1,893	157.8%
<b>6,501</b>	<b>Total</b>	<b>-8,757</b>	<b>-2,341</b>	<b>6,416</b>	<b>73.3%</b>

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019-20 of -£8,797k. As such, the outturn variance of £6,416k means that C&I has achieved a net income position of -£2,341k by year-end.

The service level budgetary control report for Commercial and Investment for the end of the financial year 2018/19 can be found in [C&I Annex 1](#).

Further analysis of the results can be found in [C&I Annex 2](#).



## 2.2 Significant Issues – Commercial and Investment

The final position for Commercial and Investment as at the end of the 2018/19 financial year is an underachievement of income of £6.4m. This represents an improvement of £85k from the February forecast, which is mainly due to an improvement in the position for Strategic Assets, which is partially offset by an increased overspend in Property Services.

### Property Services

The final position for the Building Maintenance and County Offices budgets (consolidated into one policy line as County Offices) was an overspend of £101k, which is an increase of £169k from the February forecast. This is mainly due to accruals not having been processed at the end of the 2017/18 financial year, and as a result an additional monthly contract payment for cleaning, security, waste management and grounds maintenance is included in the 2018/19 actuals.

### Strategic Assets

The final position for the County Farms budget is an overachievement of income of £112k, which is an increase of £104k from the previous forecast. This is due to increased underspends on maintenance and additional income from the Solar Farm in March.

The final position for Strategic Assets is an underspend of £200k, which is an increase of £146k from the previous forecast. This is mainly due to rent income which exceeded the costs of disposals incurred in 2018/19.

## 2.3 Additional Income and Grant Budgeted this Period (De minimis reporting limit = £30,000)

No new items were recorded during March 2019.

A full list of additional grant income for Commercial and Investment can be found in [C&I Annex 3](#).

**2.4 Virements and Transfers to / from Reserves (including Operational Savings Reserve)**  
**(De minimis reporting limit = £30,000)**

	<b>£000</b>	<b>Notes</b>
County Farms	30	Insurance charges match funding for County Farms
Non material virements (+/- £30k)	11	Insurance charges match funding for Property Services

A full list of virements made in the year to date for Commercial and Investments can be found in [C&I Annex 4](#).

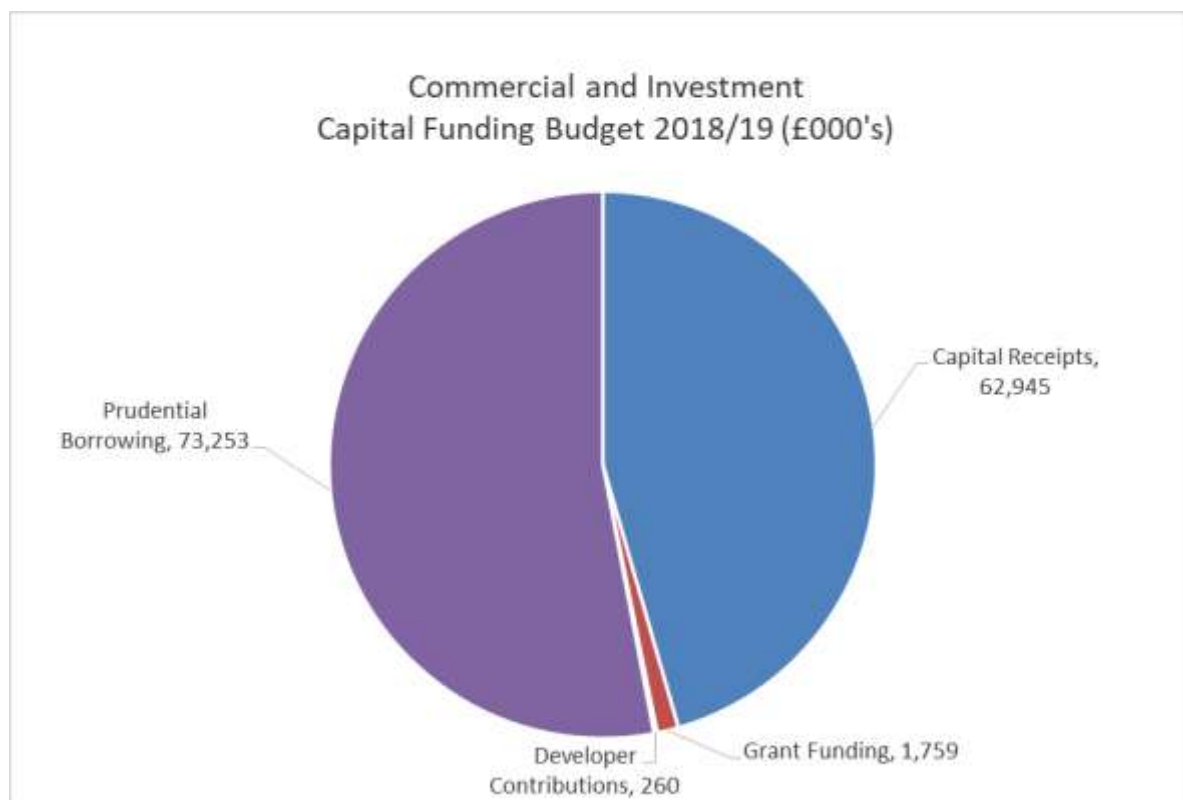
**3. BALANCE SHEET**

**3.1 Reserves**

The Commercial and Investment reserves contain various earmarked reserves and funds held for specific purposes, and capital reserves. The schedule of these reserves can be found in [C&I Annex 5](#).

**3.2 Capital Expenditure and Funding**

Commercial and Investment Committee had a capital budget of £138m in 2018/19, which was funded by the following capital resources:



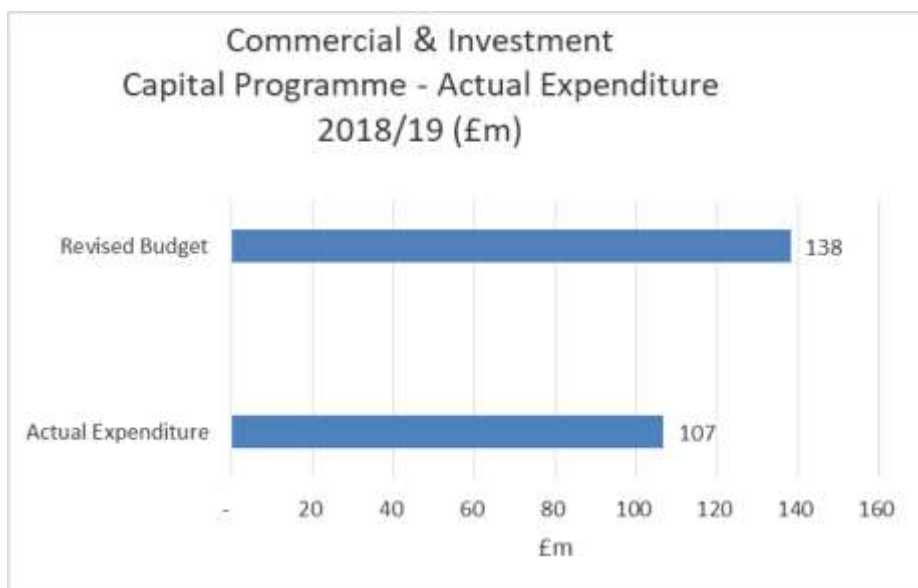
### 3.3 Variations Budget

A summary of the use of capital programme variations budget is shown below. As forecast underspends were reported, these were offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeded this budget.

Service	Capital Programme Variations Budget £000	Actual Variance - Outturn £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Variance - Outturn £000
C&I	-33,805	-64,672	-33,805	100%	-30,867

### 3.4 Expenditure

Commercial and Investment Committee has expenditure of £107m in 2018-19 on the Capital Programme, against a revised budget of £138m:



In-year underspends of £64.7m were reported for C&I, which exceeded the Capital Programme Variations budget of £33.8m. Therefore there was a revised underspend of £30.9m on the capital programme for 2018/19. Total scheme variances of £319k overspent are expected over the lifetime of the schemes.

#### Commercial Activity

The final position for Housing Schemes was an in-year underspend of £19.7m, which is an increase of £10m from the previous forecast. There was an expectation that within the remaining loans to be issued during 2018-19, one loan for construction (£8m) would be made, as well as £2m of equity purchase on sales that completed in the final week of 2018-19. These will now both be made in 2019-20.

#### Property Services

The final position for Building Maintenance was an in-year underspend of £738k, which is an increase of £668k from the previous forecast. A number of essential building maintenance schemes across the portfolio were not completed in 2018-19, and it is expected that these schemes will be completed in 2019-20.

#### Strategic Assets

The final position for the Shire Hall Relocation budget was an in-year underspend of £2.2m, which is an increase of £1.8m from the previous forecast. It was expected that the purchase of land at Alconbury Weald would take place in March 2019. However negotiations relating to the land have caused delays in the transaction for land purchase, and it is now expected that a deposit will be paid in May 2019, with the remainder paid when planning permission is granted in the autumn.

### **3.5 Funding**

Commercial and Investment Committee had capital funding of £138m in 2018/19.

As reported above, in-year underspends of £12.4m were reported across Housing Schemes, Building Maintenance, and Shire Hall Relocation. These were to be funded from Prudential Borrowing and therefore reduce the borrowing requirement by that amount.

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I Annex 6](#).

#### **4. PERFORMANCE**

- 4.1** Performance data for Commercial and Investment Committee is not currently available as performance indicators have not yet been set for the committee. Relevant indicators are in the process of being established in conjunction with committee and in line with the development of the Council's Commercial Strategy; once these are in place, exceptions will be reported against these.

## C&I ANNEX 1 – Commercial and Investment Budgetary Control Report

The actual variances to the end of 2018/19 for Commercial and Investment are as follows:

Forecast Outturn Variance (Feb)		Budget 2018/19	Actual Close 2019	Outturn Variance	
£000's		£000's	£000's	£000's	%
<b>Commercial Activity</b>					
3,615	Property Investments & Other Income	-4,900	-1,279	3,621	74%
-341	Shareholder Company Dividends	-290	-631	-341	-118%
2,528	Housing Investment (This Land Company)	-4,346	-1,831	2,515	58%
-1,089	Commercial Activity Financing	0	-1,089	-1,089	0%
<b>4,713</b>	<b>Commercial Activity Total</b>	<b>-9,536</b>	<b>-4,830</b>	<b>4,706</b>	<b>49%</b>
<b>Property Services</b>					
-68	County Offices	5,200	5,300	101	2%
0	Property Services	645	721	76	12%
-22	Property Compliance	203	155	-48	-24%
<b>-90</b>	<b>Property Services Total</b>	<b>6,047</b>	<b>6,176</b>	<b>129</b>	<b>2%</b>
<b>Strategic Assets</b>					
-8	County Farms	-4,875	-4,987	-112	-2%
-54	Strategic Assets	807	606	-200	-25%
<b>-62</b>	<b>Strategic Assets Total</b>	<b>-4,068</b>	<b>-4,380</b>	<b>-312</b>	<b>8%</b>
<b>Traded Services</b>					
500	Traded Services - Central	-408	104	513	126%
-15	ICT Service (Education)	-200	-252	-52	-26%
0	Professional Development Centres	-71	-59	12	16%
88	Cambridgeshire Music	5	125	119	2268%
147	Outdoor Education (includes Grafham Water)	-77	54	132	171%
1,220	Cambridgeshire Catering & Cleaning Services	-449	721	1,170	261%
<b>1,940</b>	<b>Traded Services Total</b>	<b>-1,200</b>	<b>693</b>	<b>1,893</b>	<b>158%</b>
<b>6,501</b>	<b>Total</b>	<b>-8,757</b>	<b>-2,341</b>	<b>6,416</b>	<b>73%</b>

## C&I ANNEX 2 – Commentary on Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000, whichever is greater.

Service	Current Budget £000	Outturn Actual £000	Outturn Variance	
			£000	%
<b>Property Investments &amp; Other Income</b>	<b>-4,900</b>	<b>-1,279</b>	<b>3,621</b>	<b>74%</b>
<p>An adverse variance of £3.6m was recorded for the Property Investments and Other Income budgets. There has been a commercial acquisition of £38m in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured.</p> <p>In addition to this, in 2018/19 there is an income target for additional external funding which has not been met in 2018/19. A Commercial Strategy is being adopted and more resource is committed to this area, so it is anticipated that this target will be met in 2019/20.</p>				
<b>Shareholder Company Dividends</b>	<b>-290</b>	<b>-631</b>	<b>-341</b>	<b>-118%</b>
<p>A favourable variance of £341k was recorded for Shareholder Company Dividends. A total rebate of £631k is due to be received from ESPO for 2018/19, which exceeds the £200k budgeted for income from ESPO. This is partially offset by the budget for a dividend of £90k from LGSS Law which will not be received. This is a medium-term change and therefore has been reflected in the Business Plan going forward.</p>				
<b>Housing Investment (This Land Company)</b>	<b>-4,346</b>	<b>-1,831</b>	<b>2,515</b>	<b>58%</b>
<p>An underachievement of income of £2.5m was recorded on Housing budgets, due to the assessed value of properties at the point of transfer to This Land, which reflects progress through the planning system (and therefore market value) to date. Loan values are therefore constrained by the value of property at point of disposal, alongside ensuring the Council has sufficient collateral as lender.</p> <p>Expectations of interest receivable also continue to be remodelled and reprofiled based on loans advanced and loans still to be negotiated. A bridging loan to This Land has recently been agreed; a construction loan and a loan for Cottenham, Rampton Rd remain subject to negotiation. As such, the timescales for completing these have been revised. In addition, there was initially an expectation that within the remaining loans to be issued during 2018-19, a loan would be made with respect to overage (uplift in value) for sites that have previously been sold without planning permission. Planning permission has not yet been granted for any of these sites, therefore the revised assumption is that this loan will now not need to be made until 2019-20.</p>				

Service	Current Budget £000	Outturn Actual £000	Outturn Variance	
			£000	%
<b>Commercial Activity Financing</b>	-	-1,089	-1,089	0%
<p>A favourable variance of £1.1m was recorded on Commercial Activity Financing.</p> <p>As a result of the pressures reported elsewhere in this section of the Commercial and Investment domain connected to one-off delays in the mobilisation of property acquisitions and loan advances, mitigating adjustments have been identified that can put forward on a one-off basis to offset the position reported. Favourable changes have been achieved in this way as a result of:</p> <ul style="list-style-type: none"> <li>• A review of revenue expenditure under the Committee's purview on equipment (the ICT service). This has been funded by a replacement reserve held in revenue, but will be charged to capital resources available in 2018-19, in substitution for the revenue reserve, which has then been available to offer up. (£500k)</li> <li>• An appropriate element of the reduced costs of borrowing has been apportioned, as a result of the delay in opportunities to invest/loan (£589k)</li> </ul>				
<b>County Offices</b>	<b>5,200</b>	<b>5,300</b>	<b>101</b>	<b>2%</b>
<p>This was previously reported as two policy lines for Building Maintenance and County Offices. These policy lines have now been consolidated into one for the purpose of clearer reporting and matching expenditure with budgets.</p> <p>The final position for the County Offices budgets was an overspend of £101k, which is an increase of £169k from the February forecast. This is mainly due to accruals not having been processed at the end of the 2017/18 financial year, and as a result an additional monthly contract payment for cleaning, security, waste management and grounds maintenance is included in the 2018/19 actuals.</p> <p>There was an overspend of £165k on building maintenance work due to additional unplanned maintenance costs in the year. This is mainly due to additional reactive work required in the year on repairs to buildings, particularly in the area of electrics and mechanicals (e.g. boilers). This work is required to ensure that corporate buildings are compliant with required standards. This is partially offset by underspends in County Offices.</p> <p>The following favourable variances were reported in 2018/19, which partially offset the overspends in this area:</p> <ul style="list-style-type: none"> <li>• £180k surplus following a reassessment of historic business rates liabilities for children's centres.</li> <li>• £350k saving due to the reduction in rates liability for Shire Hall, £114k of which has been applied to meet the £200k savings target set for Property Services in Business Planning.</li> <li>• £65k saving due to The Meadows, St Ives having been vacated; this is based on the annual budget of £115k less £10k running costs and an estimate of £40k for dilapidations.</li> <li>• £87k surplus due to backdated rent income received for Chesterton Children's Centre.</li> </ul>				

Service	Current Budget £000	Outturn Actual £000	Outturn Variance	
			£000	%
<b>County Farms</b>	<b>-4,875</b>	<b>-4,987</b>	<b>-112</b>	<b>-2%</b>
The final position for the County Farms budget is an overachievement of income of £112k, which is an increase of £104k from the previous forecast. This is due to increased underspends on maintenance and additional income from the Solar Farm in March.				
<b>Strategic Assets</b>	<b>807</b>	<b>606</b>	<b>-200</b>	<b>-25%</b>
The final position for Strategic Assets is an underspend of £200k, which is an increase of £146k from the previous forecast. This is mainly due to rent income which exceeded the costs of disposals incurred in 2018/19.				
<b>Traded Services – Central</b>	<b>-408</b>	<b>104</b>	<b>513</b>	<b>126%</b>
<p>An adverse variance of £513k was recorded for Traded Services to Schools and Parents. These services were set a stretch target as part of this year's Business Plan in the sum of £500k. This was not allocated to any specific service lines but retained as a general target across all traded services. This target has not been delivered and no plans to achieve have been brought forward either by the services or as a result of the Outcome Focussed Reviews that have taken place.</p> <p>Moving forward, £150k of this target has been removed from the 2019-20 Business Plan – the remaining £350k is being assigned appropriately between the individual traded services.</p>				
<b>Cambridgeshire Music</b>	<b>5</b>	<b>125</b>	<b>119</b>	<b>2,268%</b>
An adverse variance of £119k was recorded for Cambridgeshire Music. Sales predictions for the academic year beginning September 2018 were lower than initially anticipated, however the service has continued to analyse expenditure and income commitment and in January have been able to undertake mitigating actions worth £82k. The service is also looking at the possibility of developing additional work streams within current staff capacity without increasing overheads.				
<b>Outdoor Education</b>	<b>-77</b>	<b>54</b>	<b>132</b>	<b>171%</b>
<p>An adverse variance of £132k was recorded for Outdoor Education. This is mainly a combination of a £35k under-recovery of income at Stibbington and an ongoing structural pressure of £107k at Grafham Water.</p> <p>The Grafham Water budget includes an internal loan of £95k in 2018/19 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is</p>				

Service	Current Budget £000	Outturn Actual £000	Outturn Variance £000	Outturn Variance %
<p>currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £42k over-recovery.</p> <p>The pressures at both centres are being addressed as part of the ongoing Outdoor Centres Outcome Focussed Review.</p>				
<b>Cambridgeshire Catering &amp; Cleaning Services</b>	<b>-449</b>	<b>721</b>	<b>1,170</b>	<b>261%</b>
<p>An adverse variance for £1.2m is recorded for Cambridgeshire Catering &amp; Cleaning Services.</p> <p>Cambridgeshire Catering and Cleaning Services has closed, following a decision in 2017/18 based on the long term decline in prospects for the service and an increasing cost base driven by rising salaries. As the service wound down, approximately 33% of SLAs were phased to end in August 2018, with the remainder ending in October 2018. This pressure therefore represents the non-delivery of a full-year service as well as one-off costs related to closing the service.</p>				

### C&I ANNEX 3 – Grant Income Analysis

The table below outlines the additional grant income, which was not built into base budgets.

Grant	Awarding Body	Expected Amount £000	Reported
<b>Grants as per Business Plan</b>		<b>783</b>	
One Public Estate	Cabinet Office	515	May 18
<b>Total Grants 2018/19</b>		<b>1,298</b>	

### C&I ANNEX 4 – Virements and Budget Reconciliation

	£000	Reported
<b>Budget as per Business Plan</b>	<b>-8,188</b>	
Transfer of Traded Services salary and recharge budgets to C&I	-74	May 18
Transfer of P&C ICT SLA budget to Director of Education from Head of Traded Services	-134	May 18
Transfer of ESPO dividend budget from LGSS Managed to C&I	-200	May 18
Transfer balance of Cleaning Contract saving from C&I to Corporate Services.	-26	May 18
Transfer Cleaning Contract saving from C&I to Corporate Services budgets.	-36	June 18
Rent income budget for Grand Arcade Shop transferred from Libraries.	-50	August 18
Income budget for dividend from LGSS Law transferred to CCC.	-90	October 18
County Farms – Insurance charges match funding	30	March 19
Non material virements (+/- £30k)	11	March 19
<b>Current Budget 2018/19</b>	<b>-8,757</b>	

## C&I ANNEX 5 – Reserve Schedule

### 1. Commercial and Investment Reserves

Fund Description	Balance at 31 March 2018	Movements in 2018/19	Balance at 31 March 2019	Notes
	£'000	£'000	£'000	
<b><u>Equipment Reserves</u></b>				
The ICT Service (Education)	680	-624	56	1
subtotal	680	-624	56	
<b><u>Other Earmarked Funds</u></b>				
North Cambridge Academy site demolition costs	468	-1,067	-600	2
Cambs Music Reserve	84	0	84	3
subtotal	552	-1,067	-515	
<b><u>Capital Reserves</u></b>				
General Capital Receipts	0	20,415	20,415	4
subtotal	0	20,415	20,415	
<b>TOTAL</b>	<b>1,232</b>	<b>18,723</b>	<b>19,956</b>	

#### Notes

- 1 ICT Equipment Reserve was used to replace critical equipment in 2018-19.
- 2 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 3 The annual reserve agreed by GPC to develop and support the Cambridgeshire Music CREATE program which will look to create new purpose-built accommodation is now being used to offset overspends in year.
- 4 General Capital Receipts received during 2018/19 are used to fund the capital programme at year-end, whereas This Land Capital Receipts are used for Commercial Investment and any balance held over to be used in 2019/20.

## C&I ANNEX 6 – Capital Expenditure

### 1. Capital Expenditure Summary 2018/19

Commercial & Investment Capital Programme 2018/19					TOTAL SCHEME	
Original 2018/19 Budget as per BP £000	Scheme	Revised Budget for 2018/19 £000	Actual Spend 2018/19 £000	Actual Variance 2018/19 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
76,000	<u>Commercial Activity</u>					
	Commercial Investments	76,000	39,463	(36,537)	100,000	-
43,086	Housing Schemes	85,259	65,603	(19,656)	148,172	-
119,086		161,259	105,065	(56,194)	248,172	-
	<u>Property Services</u>					
-	Office Portfolio Rationalisation	184	137	(47)	345	-
600	Building Maintenance	1,471	733	(738)	6,290	-
550	Shire Hall Campus	100	19	(81)	4,791	-
1,150		1,755	890	(865)	11,426	-
	<u>Strategic Assets</u>					
100	Local Plans Representations	100	2	(98)	618	-
300	County Farms Investment	362	428	66	4,820	66
-	Renewable Energy Soham	117	117	(0)	9,994	(87)
100	MAC Joint Highways Project	100	-	(100)	5,198	(100)
1,919	Community Hubs - East Barnwell	1,919	(7)	(1,926)	1,950	-
-	Shire Hall Relocation	2,506	305	(2,201)	16,606	-
3,330	St Ives Smart Energy Grid	3,330	13	(3,317)	3,645	(60)
-	Babraham Smart Energy Grid	54	7	(47)	54	-
-	Trumpington Smart Energy Grid	30	3	(27)	30	-
-	Stanground Closed Landfill Energy Project	62	5	(57)	147	-
-	Woodston Closed Landfill Energy Project	43	4	(39)	143	-
-	North Angle Solar Farm	36	13	(23)	36	-
-	Manor Farm, Girton house extension	183	-	(183)	183	-
-	Marwick Centre Roof Repairs	113	-	(113)	113	-
-	Other Committed Projects	-	-	-	-	-
5,749		8,955	888	(8,067)	43,537	(181)
	<u>Traded Services</u>					
-	EdICT Server Replacement	-	500	500	-	500
-		-	500	500	-	500
53	Capitalisation of Interest Budget	53	7	(46)	-	-
(2,764)	Capital Programme Variations Budget	(33,805)	-	33,805	(36,971)	-
123,274	<b>TOTAL</b>	138,217	107,350	(30,867)	266,164	319

## **2. Reported Amendments – Capital Expenditure Budgets 2018/19**

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
<b>Housing</b>	<b>43,086</b>	<b>85,259</b>
This reflects approval in July C&I of both the roll forward of £83m underspends from 2017/18 into 2018/19 and then subsequently in August C&I -£41.1m of rephasing to future years, to reflect the timing of investment.		
<b>Office Rationalisation</b>	<b>-</b>	<b>184</b>
Carry forward of £184k funding from 2017/18 into 2018/19 was approved, for work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.		
<b>Shire Hall Building Maintenance</b>	<b>550</b>	<b>100</b>
In July C&I Committee approved carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, the September C&I Committee also approved a virement of £711k from Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget.		
<b>Building Maintenance</b>	<b>600</b>	<b>1,471</b>
<p>The budget comprises £160k carry forward from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services.</p> <p>In addition to the carry forward of funds, the September C&amp;I Committee also approved a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget. This reflects where work is required as an outcome of the conditions surveys undertaken across the whole property portfolio.</p>		
<b>County Farms Investment</b>	<b>300</b>	<b>362</b>
C&I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
<b>Renewable Energy - Soham</b>	<b>-</b>	<b>117</b>

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
The budget comprises the carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.		
<b>Shire Hall Relocation</b>	-	<b>2,506</b>
C&I Committee agreed in November committee as part of a separate report to recommend to General Purposes Committee to approve the rephasing of the Shire Hall Relocation budget to move £2.5m budget from 2019/20 into 2018/19. This is to be funded from prudential borrowing, and will therefore increase the prudential borrowing requirement in 2018/19 by £2.5m (and reduce it for 2019/20).		
<b>Babraham Smart Energy Grid</b>	-	<b>54</b>
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Trumpington Smart Energy Grid</b>	-	<b>30</b>
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Stanground Closed Landfill Energy Project</b>	-	<b>62</b>
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Woodston Closed Landfill Energy Project</b>	-	<b>43</b>
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in		

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>North Angle Solar Farm</b>	-	<b>36</b>
Commercial and Investment Committee in January recommended to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
<b>Manor Farm, Girton house extension</b>	-	<b>183</b>
Commercial and Investment Committee in December recommended to GPC the approval of £183k of additional capital funding in 2018/19 for the Manor Farm, Girton House Extension project. GPC agreed the additional funding on the 18 <sup>th</sup> December. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost. This project will be funded from prudential borrowing.		
<b>Marwick Centre Roof Repairs</b>	-	<b>113</b>
General Purposes Committee in November approved £113k of additional capital funding for roof repairs to the Marwick Centre. The Council owns the freehold of the Marwick Centre in March which is currently occupied by Fenland Area Community Trust (FACET), a registered charity who provide training and day care to adults with learning disabilities. Roof repairs are required to the centre following storm damage but FACET are unable to pay the full cost of the work. At the October Commercial & Investment (C&I) Committee meeting, the C&I Committee approved that in consideration for CCC paying for the roof works of £113,350 plus VAT, FACET will pay back 50% of the costs over the duration of the lease, which has approximately 21 years remaining. The 50% of the costs of the works plus interest will be recovered through an increase in the lease payment by FACET. The CCC insurers recovery team will continue to seek a claim against the original roof contractor. The scheme will be funded by prudential borrowing in the first instance.		
<b>Capital Programme Variations Budget</b>	<b>-2,764</b>	<b>-33,805</b>
In June Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&I Capital Programme Variations budget was adjusted by £-14m to £-16.7m. This has reduced the prudential borrowing requirement by £14m.		

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
<p>The C&amp;I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&amp;I capital variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&amp;I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&amp;I schemes.</p>		

### **3. Reported Amendments - Total Scheme Expenditure Budgets**

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
<b>Babraham Smart Energy Grid</b>	-	54
As reported above.		
<b>Trumpington Smart Energy Grid</b>	-	30
As reported above.		
<b>Stanground Closed Landfill Energy Project</b>	-	62
As reported above.		
<b>Woodston Closed Landfill Energy Project</b>	-	43
As reported above.		
<b>Renewable Energy – Mere Farm, Soham</b>	-	36
As reported above.		
<b>Manor Farm, Girton house extension</b>	-	183
As reported above.		
<b>Marwick Centre Roof Repairs</b>	-	113

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
As reported above.		

#### **4. Reported Exceptions – Capital Expenditure 2018/19**

Capital Scheme	Current Budget 2018/19 £000	Outturn Actual £000	Outturn Variance £000
<b>Commercial Investments</b>	<b>76,000</b>	<b>39,463</b>	<b>-36,537</b>
<p>An underspend of £36.5m was recorded on Commercial Investments in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land.</p>			
<b>Housing Schemes</b>	<b>85,259</b>	<b>65,603</b>	<b>-19,656</b>
<p>The forecast expenditure on Housing Schemes reflected expected loans to be made to This Land. As with the revenue budget, this reflects the level of progress through the planning system (and therefore the value of loans to be issued). There was an expectation that within the loans to be issued during 2018-19, loans would be made with respect to:</p> <ul style="list-style-type: none"> <li>• Overage (uplift in value) for sites that have previously been sold without planning permission;</li> <li>• Construction on sites sold to This Land;</li> <li>• Equity in This Land.</li> </ul> <p>It is now expected that all of these loans will be made in 2019-20.</p>			
<b>Building Maintenance</b>	<b>1,471</b>	<b>733</b>	<b>-738</b>
<p>The final position for Building Maintenance was an in-year underspend of £738k, which is an increase of £668k from the previous forecast. A number of essential building maintenance schemes across the portfolio were not completed in 2018-19, and it is expected that these schemes will be completed in 2019-20.</p>			
<b>Community Hubs – East Barnwell</b>	<b>1,919</b>	<b>-7</b>	<b>-1,926</b>

<b>Capital Scheme</b>	<b>Current Budget 2018/19 £000</b>	<b>Outturn Actual £000</b>	<b>Outturn Variance £000</b>
An underspend of £1.9m was recorded on East Barnwell Community Hub in 2018/19. Options for the use of this site are being assessed, and an application for planning permission is currently being made, and as a result the majority of the expenditure on this project is expected to take place in future years.			
<b>Shire Hall Relocation</b>	<b>2,506</b>	<b>305</b>	<b>-2,201</b>
An in-year underspend of £2.2m was recorded on the Shire Hall relocation scheme. It was expected that the purchase of land at Alconbury Weald would take place in March 2019. However negotiations relating to the land have caused delays in the transaction for land purchase, and it is now expected that a deposit will be paid in May 2019, with the remainder paid when planning permission is granted in the autumn.			
<b>St Ives Smart Energy Grid</b>	<b>3,330</b>	<b>13</b>	<b>-3,317</b>
An underspend of £3.3m was recorded on St Ives Smart Energy Grid in 2018/19. Construction is expected to start at the end of this financial year, so the majority of the expenditure on this project will take place in future years.			
<b>EdICT Server Replacement</b>	<b>-</b>	<b>500</b>	<b>500</b>
A replacement reserve for this equipment was previously held in revenue. As reported in October 2018, this equipment has now been funded from capital expenditure in order to release the equipment reserve as an in-year saving to Commercial Activity Financing.			

## C&I ANNEX 7 – Capital Funding

### 1. Capital Funding Summary 2018/19

Commercial and Investment Capital Programme 2018/19				
Original 2018/19 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2018/19 £000	Actual Spend £000	Actual Variance £000
78,833	Capital Receipts	62,945	41,900	(21,045)
1,759	Grant Funding	1,759	-	(1,759)
260	Developer Contributions	260	-	(260)
42,422	Prudential Borrowing	73,253	65,450	(7,803)
<b>123,274</b>	<b>TOTAL</b>	<b>138,217</b>	<b>107,350</b>	<b>(30,867)</b>

### 2. Reported Amendments – Capital Funding Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
<b>Housing – Prudential Borrowing</b>	<b>43,086</b>	<b>85,259</b>
As reported above.		
<b>Office Rationalisation – Prudential Borrowing</b>	<b>-</b>	<b>184</b>
As reported above.		
<b>Shire Hall Building Maintenance – Prudential Borrowing</b>	<b>550</b>	<b>100</b>
As reported above.		
<b>Building Maintenance – Prudential Borrowing</b>	<b>600</b>	<b>1,471</b>
As reported above.		
<b>County Farms Investment – Prudential Borrowing</b>	<b>300</b>	<b>362</b>

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
As reported above.		
<b>Renewable Energy – Soham – Prudential Borrowing</b>	-	117
As reported above.		
<b>Shire Hall Relocation – Prudential Borrowing</b>	-	2,506
As reported above.		
<b>Babraham Smart Energy Grid – Prudential Borrowing</b>	-	54
As reported above.		
<b>Trumpington Smart Energy Grid – Prudential Borrowing</b>	-	30
As reported above.		
<b>Stanground Closed Landfill Energy Project – Prudential Borrowing</b>	-	62
As reported above.		
<b>Woodston Closed Landfill Energy Project – Prudential Borrowing</b>	-	43
As reported above.		
<b>Renewable Energy – Mere Farm, Soham – Prudential Borrowing</b>	-	36
As reported above.		
<b>Manor Farm, Girton house extension – Prudential Borrowing</b>	-	183
As reported above.		
<b>Marwick Centre Roof Repairs – Prudential Borrowing</b>	-	113

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
As reported above.		
<b>Capital Programme Variations – Prudential Borrowing</b>	<b>-2,764</b>	<b>-17,917</b>
As reported above. This is the proportion of the variation budget funded by Prudential Borrowing.		
<b>Capital Programme Variations Budget – Capital Receipts</b>	<b>-</b>	<b>-15,888</b>
As reported above. This is the proportion of the variation budget funded by Capital Receipts.		

### **3. Reported Amendments - Total Scheme Funding Budgets**

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
<b>Babraham Smart Energy Grid – Prudential Borrowing</b>	<b>-</b>	<b>54</b>
As reported above.		
<b>Trumpington Smart Energy Grid – Prudential Borrowing</b>	<b>-</b>	<b>30</b>
As reported above.		
<b>Stanground Closed Landfill Energy Project – Prudential Borrowing</b>	<b>-</b>	<b>62</b>
As reported above.		
<b>Woodston Closed Landfill Energy Project – Prudential Borrowing</b>	<b>-</b>	<b>43</b>
As reported above.		
<b>Renewable Energy – Mere Farm, Soham – Prudential Borrowing</b>	<b>-</b>	<b>36</b>

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
As reported above.		
<b>Manor Farm, Girton house extension – Prudential Borrowing</b>	-	183
As reported above.		
<b>Marwick Centre Roof Repairs – Prudential Borrowing</b>	-	113
As reported above.		

#### **4. Reported Exceptions – Capital Funding 2018/19**

<b>Capital Scheme</b>	<b>Current Budget 2018/19 £000</b>	<b>Outturn Actual £000</b>	<b>Outturn Variance £000</b>
<b>Commercial Investments – Capital Receipts</b>	76,000	39,436	-36,537
As reported above, an underspend of £36m was recorded on Commercial Investments in 2018/19. As this budget is funded by capital receipts, a -£36m variation was therefore reported against capital receipts.			
<b>Housing Schemes – Prudential Borrowing</b>	85,259	63,666	-21,593
<p>As reported above, an underspend of £21.6m was recorded on Housing Schemes. As this budget is funded by prudential borrowing, a -£21.6m variation was therefore reported against borrowing.</p> <p>In addition, £1.9m of the expenditure on Housing Schemes related to expenditure on equity in This Land, which was funded from capital receipts. This increased the use of capital receipts funding by £1.9m and reduced the prudential borrowing requirement by this amount.</p>			
<b>Housing Schemes – Capital Receipts</b>	-	1,937	1,937
As reported above, £1.9m of the expenditure on Housing Schemes related to expenditure on equity in This Land, which was funded from capital receipts.			

<b>Capital Scheme</b>	<b>Current Budget 2018/19 £000</b>	<b>Outturn Actual £000</b>	<b>Outturn Variance £000</b>
<b>Building Maintenance – Prudential Borrowing</b>	<b>1,471</b>	<b>733</b>	<b>-738</b>
As reported above, an underspend of £738k was recorded on Building Maintenance in 2018/19, which was funded by prudential borrowing.			
<b>Community Hubs – East Barnwell – Developer Contributions and Prudential Borrowing</b>	<b>1,919</b>	<b>-</b>	<b>-1,919</b>
As reported above, an underspend of £1.9m was recorded on East Barnwell Community Hub in 2018/19. Of this underspend, £260k related to developer contributions and £1,659k related to prudential borrowing.			
<b>Shire Hall Relocation – Prudential Borrowing</b>	<b>2,506</b>	<b>305</b>	<b>-2,201</b>
As reported above, an underspend of £0.4m was recorded on Shire Hall Relocation in 2018/19, which was funded by prudential borrowing.			
<b>St Ives Smart Energy Grid – Grant Funding and Prudential Borrowing</b>	<b>3,330</b>	<b>13</b>	<b>-3,317</b>
As reported above, an underspend of £3.3m was recorded on St Ives Smart Energy Grid in 2018/19. Of this underspend, £1,759k related to grant funding and £1,558 related to prudential borrowing.			
<b>EdICT Server Replacement – Capital Receipts</b>	<b>-</b>	<b>500</b>	<b>500</b>
As reported above, an overspend of £0.5m was recorded on EdICT Server Replacement, which was funded by capital receipts.			
<b>Capital Programme Variations Budget – Capital Receipts</b>	<b>-15,888</b>	<b>-</b>	<b>15,888</b>
As reported above, the revised C&I capital variations budget was split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£15,888k of the variations budget related to capital receipts, £15,888k of the variations budget variance was reported against capital receipts.			
<b>Capital Programme Variations Budget – Prudential Borrowing</b>	<b>-17,917</b>	<b>-</b>	<b>17,917</b>

<b>Capital Scheme</b>	<b>Current Budget 2018/19 £000</b>	<b>Outturn Actual £000</b>	<b>Outturn Variance £000</b>
As reported above, the revised C&I capital variations budget was split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£17,917k of the variations budget related to prudential borrowing, £17,917k of the variations budget variance was reported against prudential borrowing.			
<b>General Capital Receipts Funding</b>	<b>2,833</b>	<b>-</b>	<b>-2,833</b>
An outturn of £0 for General Capital Receipts is recorded due to sales of land in 2018/19 (outside of the This Land sales) and the actual call on the use of capital receipts to fund transformational activity in both People & Communities and Corporate Services (under the Flexible Use of Capital Receipts direction). In 2018-19 all capital receipts (outside of This Land sales) were used to fund transformational activity, and none of this income was used to fund the general capital programme.			